



DEPARTMENT OF HOMELAND SECURITY

U.S. Customs and Border Protection

Modifications to the Collections Process for Deferred Tax Payments on Consumption

Entries of Distilled Spirits, Wines, and Beer Imported into the United States

AGENCY: U.S. Customs and Border Protection, Department of Homeland Security.

ACTION: General notice.

SUMMARY: This document announces that U.S. Customs and Border Protection (CBP) is modifying the collections process for deferred payments of internal revenue taxes owed on consumption entries of distilled spirits, wines, and beer imported into the United States (other than in bulk containers). The primary modification announced in this notice is the harmonization of the determination of the due date for deferred tax payments with the entry summary date.

Another modification is the consolidation of all deferred tax entry bills from all ports of entry for one semi-monthly period into consolidated bill(s) viewable in the Automated Commercial Environment (ACE). CBP is further facilitating deferred tax payments by removing current policy restrictions on the filing of entries with deferred taxes and eliminating the now unnecessary Semi-Monthly Excise Tax Form (Greater than 50) for importers who pay deferred taxes through Pay.gov. Lastly, CBP is adding a new payment method for deferred taxes in ACE while also eliminating a current, but lesser-used payment method available through Fedwire.

DATES: The modifications to the collections process for deferred taxes that are announced in this notice will become operational on May 1, 2021, except for the elimination of the current payment method using Fedwire. To allow Fedwire users time to convert to a different payment method, CBP is granting a longer transition period through June 30, 2021. As of July 1, 2021, CBP will no longer accept payments of deferred taxes through Fedwire.

ADDRESSES: Comments concerning this notice may be submitted at any time via email to the ACE Collections Team, Investment Analysis Office, Office of Finance, U.S. Customs and

Border Protection, at ACECollections@cbp.dhs.gov, with a subject line identifier reading

“Processing of Deferred Tax Payments.”

FOR FURTHER INFORMATION CONTACT: Steven J. Grayson, Program Manager, Investment Analysis Office, Office of Finance, U.S. Customs and Border Protection, at (202) 579-4400, or steven.j.grayson@cbp.dhs.gov.

SUPPLEMENTARY INFORMATION:

I. Background Regarding the Ongoing Modernization of the Collections System

U.S. Customs and Border Protection (CBP) is modernizing its collections system, allowing CBP to eventually retire the Automated Commercial System (ACS) and transfer all collections processes into the Automated Commercial Environment (ACE). This modernization effort, known as ACE Collections, includes the consolidation of the entire collections system into the ACE framework, which will enable CBP to utilize trade data from ACE modules, benefitting both the trade community and CBP. The new collections system in ACE will reduce costs for CBP, create a common framework that aligns with other initiatives to reduce manual collection processes, and provide additional flexibility to allow for future technological enhancements. ACE Collections will also provide the public with more streamlined and better automated payment processes with CBP, including better visibility to data regarding specific transactions.

ACE Collections supports the goals of the Customs Modernization Act (Pub. L. 103-182, 107 Stat. 2057, 2170, December 8, 1993, Title VI of the North American Free Trade Agreement Implementation Act) of modernizing the business processes that are essential to securing U.S. borders, speeding up the flow of legitimate shipments, and targeting illicit goods that require scrutiny. ACE Collections also fulfills the objectives of Executive Order 13659 (79 FR 10655, February 25, 2014) to provide the trade community with an integrated CBP trade system that facilitates trade from entry of goods to receipt of duties, taxes, and fees.

CBP is implementing ACE Collections through phased releases in ACE. Release 1, which was deployed on September 7, 2019, dealt with statements integration, the collections information repository (CIR) framework, and ACH (automated clearinghouse) processing. *See* 84 FR 46749 and 84 FR 46678 (September 5, 2019), and 84 FR 49650 (September 23, 2019). Release 2 was deployed on February 5, 2021, and focused on non-ACH electronic receivables and collections, such as Fedwire, Pay.gov, Harbor Maintenance Fee (HMF) and Seized Assets and Case Tracking System (SEACATS) payments, and broker fees. All of the changes in Release 2 were internal to CBP and did not affect the trade community.

As explained more fully below, Release 3 will be deployed on May 1, 2021, and focuses on billing and debt collection. It includes mainly internal, technical changes to the liquidation process, bills, and user fees, and also makes the modifications to the collections process for deferred tax payments that are announced and explained in this notice. The changes for deferred tax will benefit importers by providing flexibility for how to make their tax payments and access to data regarding which entries are covered by specific bills and payments. Additional releases will follow, and any further changes affecting the trade community will be announced by notice in the *Federal Register*, as needed.

II. Modifications to Processing of Deferred Tax Payments for Consumption Entries of Imported Alcoholic Beverages

The CBP regulations provide an optional method for the payment of estimated import taxes on distilled spirits, wines, and beer imported into the United States (other than in bulk

containers) (hereinafter referred to as “alcoholic beverages”). Specifically, an importer, including a transferee of alcoholic beverages in a Customs bonded warehouse, may pay on a semi-monthly basis the estimated import taxes on alcoholic beverages entered, or withdrawn from warehouse, for consumption, subject to the requirements in section 24.4 of title 19 of the Code of Federal Regulations (19 CFR 24.4).

Consistent with 19 CFR 24.4 and other applicable regulations, this notice announces six modifications to the processing of deferred payments of internal revenue tax owed on consumption entries of alcoholic beverages (hereinafter referred to as “deferred tax payments”). The primary modification is regarding the determination of the deferred tax payment due date, which is being harmonized with the entry summary date. In addition, CBP is consolidating all deferred tax entry bills from all ports of entry for one semi-monthly period into consolidated bill(s) viewable in ACE, with more detailed information available for viewing via an importer’s ACE Portal account. Other modifications that facilitate deferred tax payments include simplified requirements for importers to file entries with deferred taxes at all ports of entry; the elimination of the now unnecessary Semi-Monthly Excise Tax Form (Greater than 50) for importers who pay deferred taxes through Pay.gov; the addition of a new electronic payment method, using ACH debit and ACH credit via the Automated Broker Interface (ABI) in ACE; and, the elimination of a current, but lesser-used electronic payment method available through Fedwire.

CBP is making the modifications described above to streamline the collections system and facilitate the process for importers for making deferred tax payments. CBP has reviewed and assessed the collections requirements from fiscal year (FY) 2018, and after a thorough evaluation, identified the requirements and modernization opportunities to support users of CBP's collections system. Throughout this evaluation, CBP has collaborated with stakeholders within CBP, as well as members of the trade community, and received valuable feedback, which was incorporated in the new ACE Collections requirements for deferred tax payments. The modifications announced in this notice will become operational on May 1, 2021, except for the elimination of Fedwire as a payment method. As of July 1, 2021, CBP will no longer accept payments of deferred taxes through Fedwire. A more detailed description of each of the modifications follows below.

A. Harmonization of the Determination of the Due Date for Deferred Tax Payments

An importer must pay internal revenue taxes on importations of alcoholic beverages pursuant to 26 U.S.C. 5061. *See generally*, 19 CFR 141.1 and 141.3, regarding the importer's obligations to pay these taxes upon entry of merchandise imported into the United States. According to the Internal Revenue Code, the last day for an importer to pay the tax levied on consumption entries of alcoholic beverages is the 14th day after the last day of the semi-monthly period during which the article is entered into the customs territory of the United States. 26 U.S.C. 5061(d)(2)(A). Under CBP regulations, an importer may choose to pay internal revenue taxes on imported alcoholic beverages at the time of entry or to apply for approval to defer the taxes and pay on a semi-monthly basis pursuant to 19 CFR 24.4(b). If an importer is approved by CBP for deferred tax payments, CBP's current practice is to use the date of entry (which is typically the time that merchandise is released from CBP custody) to set the semi-monthly period and thus determine the due date for an importer's payment of internal revenue taxes on consumption entries.

Currently, deferred tax payments are due on the 14th day after the last day of the semi-monthly period in which distilled spirits, wines, and beer are entered, or withdrawn from warehouse, for consumption. However, the entry summary date generally establishes the time of entry for goods in many instances, such as when goods are withdrawn for consumption from bonded warehouses, when goods are subject to quotas or immediate delivery procedures, and when the entry summary serves as the entry and entry summary, or when entries are certified from summary.

To streamline the collections process, this notice announces the harmonization of CBP's operations for determining the due date of deferred tax payments on consumption entries of imported alcoholic beverages. CBP will use the entry summary date when the entry summary is filed timely to fix the semi-monthly period under 26 U.S.C. 5061(d)(2)(A), and thus set the due date for the payment of deferred taxes. Where applicable, deferred tax payments will be due on the 14th day after the last day of the semi-monthly period in which the entry summary date falls. Using the entry summary date to determine the date of payment when the entry summary date establishes the time of entry remains within the scope of the current CBP regulations.¹ Further, in some instances, the entry summary documentation may contain information that enhances CBP's ability to assess and collect internal revenue taxes, and thus, it is more operationally sound for CBP to rely upon timely submitted entry summary data to fix the semi-monthly period under 26 U.S.C. 5061(d)(2)(A). With this streamlined approach, CBP will be able to produce a more accurate bill for deferred taxes. It is important to note that the use of the entry summary date does not interfere with an importer's ability to pay the deferred taxes early. Early payment will still be allowed, but it will not change the semi-monthly period (which will be fixed based on the entry summary date when timely).

¹ CBP notes that this change does not affect the applicability of the special rule set forth in 26 U.S.C. 5061(d)(6), which states that if the due date under 26 U.S.C. 5061(d) falls on a Saturday, Sunday, or a legal holiday, the due date for tax payment will be the immediately preceding day which is not a Saturday, Sunday, or holiday (or the immediately following day if the due date described in 26 U.S.C. 5061(d)(5) falls on a Sunday).

B. Issuance of a Consolidated Bill (CBP Form 6084) and Availability of Detailed Billing Information in ACE Reports

Currently, an importer who requests to receive a physical (hard copy) bill will receive a CBP Form 6084 by mail for each entry upon which the importer owes deferred taxes.² As a result, an importer who makes such a request may receive multiple, individual bills per payment period for each port where the importer filed entries with deferred taxes. Alternatively, an importer who does not wish to receive physical bills must identify and track its individual entries and the total amount of deferred taxes owed for one semi-monthly period in order to accurately pay the taxes owed. CBP notes that the majority of importers who pay deferred taxes elect not to receive physical bills and, instead, they track the amounts owed within their own internal systems.

To streamline the billing process and provide more transparency for importers, this notice announces that every importer who files entries with deferred taxes will receive one or more consolidated bills in ACE for each semi-monthly period. Consolidation into one bill is applicable to an importer who self-files (or employs a single licensed customs broker) and uses the same bond to cover all entries filed with deferred taxes in a particular semi-monthly period. However, multiple consolidated bills will be issued when, in a particular semi-monthly period, an importer: self-files and employs a licensed customs broker(s) to file entries on the importer's behalf; employs multiple licensed customs brokers to file entries on the importer's behalf; and/or uses multiple bonds to cover the entries. In short, the consolidation is per importer of record number/per filer code/per bond number for a semi-monthly period.

The consolidated bills will be viewable only in ACE and will also include a consolidated bill number for reference. An importer may use the consolidated bill number to easily view all

² An importer may request that CBP send a physical (hard copy) bill by mail by specifying a particular code when filing an entry with deferred taxes via ABI in ACE. For additional information, *see* the CBP and Trade Automated Interface Requirements (CATAIR), specifically the chapter entitled Entry Summary Create/Update, which is available online at: <https://www.cbp.gov/document/technical-documentation/entry-summary-createupdate-catair-draft>.

of the covered entries and the total amount of taxes owed in a semi-monthly period in ACE Reports, which is the data repository for ACE Collections. Only importers who have an ACE Portal account will be able to view the consolidated billing data in ACE Reports. CBP encourages importers who do not already have an ACE Portal account to apply for access to be able to view the necessary data to make accurate payments of deferred tax.³ CBP will work with importers to provide any needed support when setting up ACE Portal accounts.

Please note that while importers may continue to request to receive physical bills by mail for each entry upon which deferred taxes are owed at this time, CBP is advising that physical bills will likely be consolidated in a future deployment in ACE Collections. Like the consolidated bills in ACE, the consolidated physical bills are expected to include a reference number (without identifying all of the individual entries). To view all of the covered entries and the total amount of taxes owed in a semi-monthly period, importers who receive consolidated physical bills would need to have an ACE Portal account to access the data in ACE Reports.

The availability of consolidated bills in ACE will reduce the amount of time that importers have spent in the past on identifying and tracking individual entries, and determining the total amount owed for one semi-monthly period. Another anticipated benefit is the potential reduction of the number of items held temporarily on the budget clearing account (BCA)⁴ until a payment has been matched to an entry bill. Because a consolidated bill must be paid in full to show each individual entry as paid, and before post-summary corrections may be filed, it is expected that this change will reduce the number of items on the BCA. This will, in turn, increase visibility of individual entries paid and provide a more timely and accurate billing and

³ The step-by-step instructions to apply for an ACE Portal account are available online at: <https://www.cbp.gov/trade/automated/getting-started/portal-applying>.

⁴ A budget clearing account (BCA) is an account that is used to deposit funds that are not immediately identifiable to be matched to an open receivable.

collection process. Lastly, CBP notes that this consolidation of bills is also consistent with 19 CFR 24.4(f), which does not limit deferred tax bills to one entry number per bill.

C. Expansion of Filing of Deferred Taxes to All Ports

Currently, an importer may file for approval to make deferred tax payments with the Center of Excellence and Expertise (Center) director, either at a port of entry or electronically (19 CFR 24.4(a)).⁵ However, the process for an importer to pay deferred taxes is not similarly centralized. In order to file entries with deferred tax, an importer must submit those entries at each port of entry where the merchandise is entered. As a result, an importer who wishes to import entries with deferred tax at multiple ports must file the deferred tax entries at each of those ports.

In order to facilitate the deferred tax payment process for importers, this notice announces that an importer is able to file entries with deferred taxes at any port nationwide. This change provides convenience to the importers when filing entries with deferred taxes as they are no longer limited to a particular port. CBP notes that the expansion of filing of deferred taxes to all ports is also consistent with 19 CFR 24.4, which does not require the use of a specific port for making deferred tax payments.

D. Elimination of Semi-Monthly Excise Tax Form (Greater than 50) and Automatic Payment Processing

Currently, an importer may use the Semi-Monthly Excise Tax Form (Greater than 50), which can be found on Pay.gov, when making deferred tax payments for more than 50 entries on Pay.gov.⁶ To properly complete this form, an importer must manage its own tracking system to

⁵ CBP recently made regulatory changes to 19 CFR 24.4, which transitioned the processing of tax deferral approval requests from the ports to the Centers. *See* 81 FR 92978 (December 20, 2016)

⁶ As noted elsewhere in this notice, an importer currently has the option of paying deferred taxes using ACH debit on Pay.gov or Fedwire. When using Fedwire, the Semi-Monthly Excise Tax Forms for Greater than 50, and 50 and Under are not used. Instead, the importer transmits the relevant information in a separate email. Thus, the elimination of the Semi-Monthly Excise Tax Form (Greater than 50) announced in this notice is only relevant when payment is made on Pay.gov.

keep count of the amount of deferred taxes owed on the entries for a specific semi-monthly period. This is necessary because ACE lists only the individual entries with deferred taxes owed, but not the total amount owed. When making a payment for the total amount of deferred taxes for all the entries on Pay.gov, the importer must include an attachment that lists all the entries covered, along with the Semi-Monthly Excise Tax Form (Greater than 50). Not only is an importer burdened with the process of identifying and tracking entries, determining the total amount owed and submitting two types of documentation, but so is CBP. After payment, CBP manually processes each entry and associated payment by the importer by keying in the bill number for each unique entry in ACE.

This notice announces that CBP is eliminating the Semi-Monthly Excise Tax Form (Greater than 50) as it is no longer needed due to the change in the bill format to allow for consolidated billing, as described above. For a consolidated bill, an importer will make one lump sum payment of the consolidated amount on Pay.gov, referencing the consolidated bill number. Please note that an importer who continues to request to receive physical bills by mail will need to identify and track individual entries for each semi-monthly period to determine the taxes owed, and, in addition, contact CBP (at ACECollections@cbp.dhs.gov) to obtain the consolidated bill number to provide when making tax payments on Pay.gov. CBP encourages importers to avoid this more cumbersome process by applying for access to an ACE Portal account for full viewing capacity for consolidated bills.

Despite the elimination of the now unnecessary Semi-Monthly Excise Tax Form (Greater than 50), CBP will continue to make available the Semi-Monthly Excise Tax Form (50 and Under) for importers making payments on Pay.gov. Importers will no longer need to list individual entries on this form, but only the consolidated bill number(s) and dollar amount(s). As soon as the payment is made on Pay.gov, the payment will be posted the same night in ACE, and the payment of all taxes within one consolidated bill will automatically be matched to each entry from the CIR file. This programming change to allow for automated processing will save CBP

resources that were previously used for manual data entry, reconciliation, and other manual processes, and will also promote faster processing times of the taxes owed.

E. Addition of a New Payment Method of ACH Debit and ACH Credit via ABI in ACE

Currently, importers may use ACH debit on Pay.gov or Fedwire for the payment of deferred taxes. An importer who chooses to use Pay.gov will initiate the payment and select the next business day as the earliest payment date or a later date. An importer who chooses to use Fedwire will initiate a payment the same day up to the cutoff time established by the bank used by the importer. Under both payment options, the settlement date is recorded as the collection date for the payment.

This notice announces that CBP is making available to importers an additional electronic payment method (for both ACH debit and ACH credit) via ABI in ACE for the payment of deferred taxes. In the case of payment by ACH debit, the importer may initiate a debit authorization through ACE, and the authorization date (which may be earlier than the settlement date) will be recorded as the collection date (to be consistent with the collection date for ACE payments for statements). *See* 84 FR 46678 (September 5, 2019). In the case of payment by ACH credit via an authorization in ACE, the importer may initiate the credit transaction through its financial institution, and the bank post date (which is the same as the settlement date) will be recorded as the collection date for the payment (to be consistent with the collection date for ACE payments for statements). *See* <https://www.cbp.gov/trade/basic-import-export/automated-clearinghouse-ach>.

The updated ACE programming instructions and instructions regarding the format for making payments via ABI in ACE are available in a new CBP and Trade Automated Interface Requirements (CATAIR) document entitled “ACE Automated Broker Interface Automated Interface Requirements”. See <https://www.cbp.gov/document/guidance/draft-ace-catair-ach-debit-authorizationentry-summary-presentation>. Also, the current payment method for ACH debit available through Pay.gov will not change and will continue to be available for the payment of deferred taxes.⁷

F. Elimination of a Current Payment Method Using Fedwire

This notice announces that CBP will eliminate the current payment method for Fedwire, which is a lesser-used method than another payment method available to importers through Pay.gov. Currently, CBP manually posts the deferred tax payments received through Fedwire, requiring additional CBP resources for data entry and processing. Even though the payment process is electronic for importers, the use of Fedwire places a significant burden on CBP. By eliminating the manual processing of Fedwire payments, CBP will conserve resources that can be used for other aspects of payment processing. Moreover, CBP is providing importers with a new payment method for ACH debit and ACH credit via ABI in ACE, in addition to the already existing payment method for ACH debit in Pay.gov. Accordingly, importers will continue to have multiple convenient options to choose from when making deferred tax payments.

⁷ For guidance on using Pay.gov, go to <https://www.cbp.gov/trade/basic-import-export/acceptable-electronic-payment-methods>, click on the Pay.gov link and on the Pay.gov website, choose the applicable CBP form for making a payment.

To enable those importers who currently use Fedwire to switch their payment method to Pay.gov or the new option available for ACH debit or ACH credit via ABI, CBP is announcing a transition period. Fedwire will continue to be available as a payment method through June 30, 2021. This transition period will allow for importers who have been using Fedwire as their preferred payment method to adjust their business processes for the use of another payment method. CBP will work with importers to provide any needed support during the transition period. As of July 1, 2021, CBP will no longer accept payments of deferred taxes through Fedwire.

Dated: April 23, 2021.

Jeffrey Caine,

Chief Financial Officer,

U.S. Customs and Border Protection.

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